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Bank of Madura Ltd.

56th annual report • 1998 - 99

**BOARD OF DIRECTORS/
EXECUTIVES****Bank of Madura Ltd.****BOARD OF DIRECTORS**

Dr. K.M. Thiagarajan
Chairman

Shri A. Arunachalam

Shri KR. Sethuraman

Shri G. Rajasekhar

Smt. Pallavi S. Shroff

Shri S. Nandagopal

Shri B.C. Aiyanna

Shri N. Karuppan Chetty

EXECUTIVES**General Managers**

Shri V. Nachiappan

Shri S. Kathiresan

Deputy General Managers

Shri KN. Palaniappan

Shri N. Chidambaram

Shri RM. Subbiah

Senior Executives

Shri M.A. Prasad

Shri N. Ramaswamy

Shri P. Muthiah

Asst. General Managers

Shri R. Balasubramanian

Shri R. Ramanathan

Smt. Parvati Dutta

Shri TR. Ramanathan

Shri Jose Zacharias

Shri R. Venkataraman

Shri M. Venkatachalam

Shri S. Albert Kitherian

Shri V. Rajan

Shri M. Narayanan

Shri K. Ramamurthy

Lt. Col. (Retd.) D.K. Nair

AUDITORS

P.B. Vijayaraghavan & Co., Chennai

Registered Office : 33, North Chitrai Street, Madurai 625 001

Central Office : 'KARUMUTTU NILAYAM', 758, Anna Salai, Chennai 600 002

www.bankofmadura.com

email: mdsaab34@giasmd01.vsnl.net.in

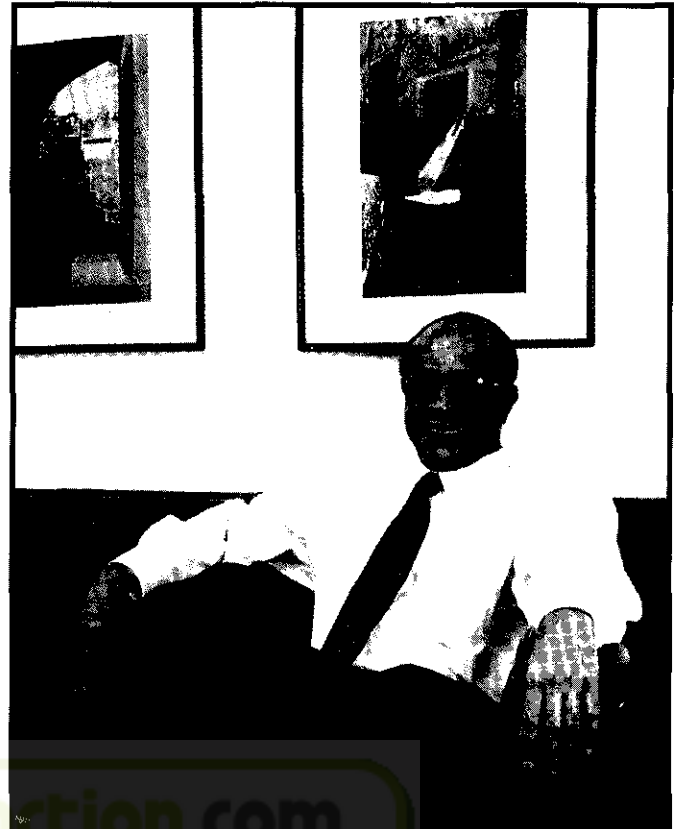
BOARD OF DIRECTORS



Bank of Madura Ltd.

Dr. K.M. Thiagarajan
Chairman

He obtained his MBA and Ph.D from the University of Pittsburgh and worked as Assistant Professor, Graduate School of Business, University of Rochester. He was Chairman and Managing Director of several industrial concerns before joining the Bank.



Shri A. Arunachalam
Director

A former Commissioner of Income Tax, presently practicing as Advocate and Tax Consultant.



Shri KR. Sethuraman
Director

Advisor to Small Scale Industries. He has held senior positions in textile mills.



Shri G. Rajasekhar
Director

A Finance Consultant who has worked in senior positions with various leading non-banking finance companies. He is also a trainer and teacher in Business Management to students and managers.

Smt. Pallavi S. Shroff
Director

Advocate,
Supreme Court of India
and partner of
Amarchand & Mangaldas
& Suresh A. Shroff & Co.,
Solicitors and Advocates.



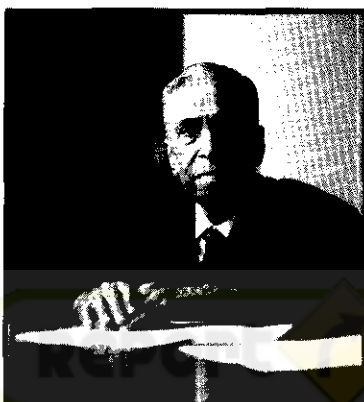
Shri S. Nandagopal
Director

A noted Chartered
Accountant.



Shri N. Karuppan Chetty
Director

An Engineer and
Management Consultant.
He worked as Director
(Personnel) in Neyveli
Lignite Corporation (NLC).



Shri B.C. Aiyanna
Director

An Advisor to tea &
coffee plantations.
He has held senior
positions in a leading
plantation company.



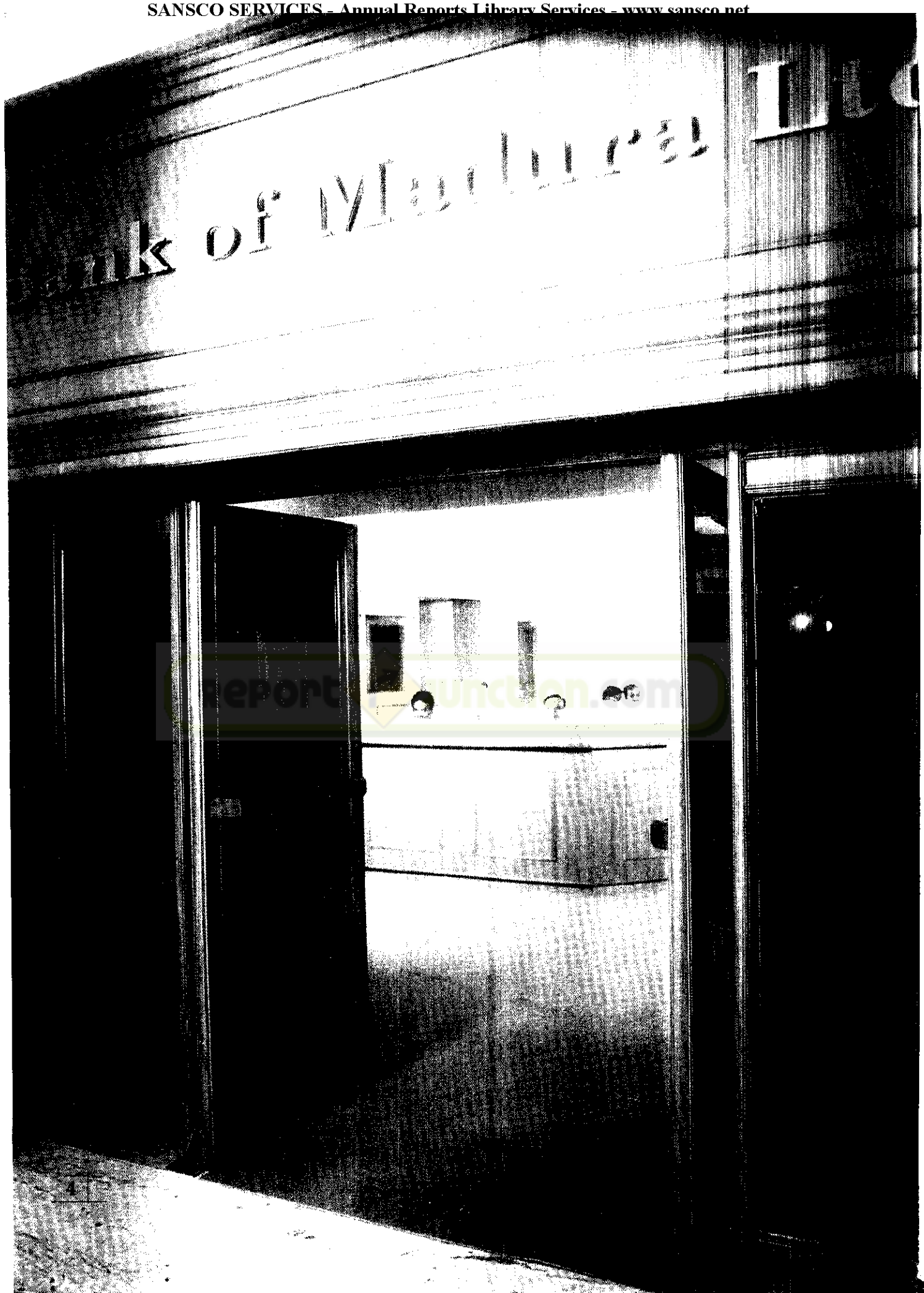
GENERAL MANAGERS

Shri S. Kathiresan
General Manager



Shri V. Nachiappan
General Manager



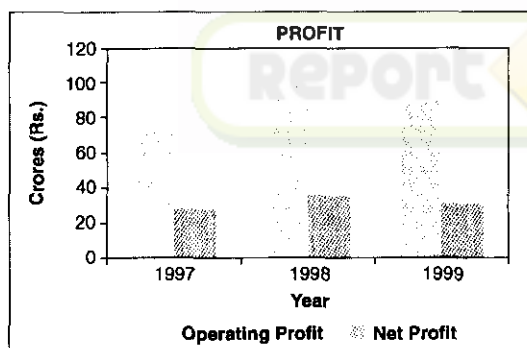


DIRECTORS' REPORT

The Board of Directors of the Bank of Madura Limited have pleasure in presenting the 56th Annual Report on the operations of the Bank together with the audited annual accounts for the year ended March 31, 1999.

WORKING RESULTS

The gross earnings of the Bank for the year under review has increased to Rs.422 crores as compared to Rs.370 crores recorded for the previous year. The net profit after providing for tax, depreciation and contingencies including provision for non-performing assets is Rs.30.13 crores as against Rs.34.19 crores of the previous year.



The year under review was a difficult year for banks and other institutions in financial services due to uncertainties in the economic and industrial environment. The recessionary trend continued throughout the year leading to problems in recovery of loans. Therefore the Bank decided to restrict increase

in fresh credit and await signs of positive change.

Considering the above factors, the profits can be considered satisfactory even though there is a marginal fall.

DIVIDEND

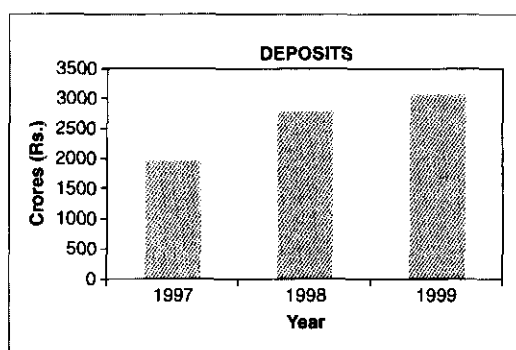
Your Directors have pleasure in recommending a dividend of 50%, subject to the approval of the Reserve Bank of India. This will work out to a pay-out ratio of 19.53%.

DEPOSITS

The deposit base of the Bank crossed the Rs.3000 crores mark (Rs.3013 crores) during the year, from Rs.2772 crores in the previous year.

CREDIT

The Bank's advances, excluding bills re-discounted, increased from Rs.1106 crores to Rs.1394 crores. Investment in debentures and bonds of corporate bodies increased by Rs.93 crores from Rs.260 crores



to Rs.353 crores. The priority sector advances to net credit reached a level of 42%. In addition to specific provisions for non-performing assets as per prudential norms, the Bank has provided Rs.6 crores as a general provision towards contingencies in credit portfolio. The non-performing assets, net of provisions, constitute 5.7% of net credit, same as in the previous year.

INVESTMENTS

The Bank's investment in Government securities and other approved securities increased from Rs.653 crores to Rs.713 crores. As the entire investments of the Bank have been 'marked to market', all approved securities are classified under the 'current category' as against the Reserve Bank of India's stipulated minimum of 70% for the year ended March 31, 1999.

NET WORTH AND CAPITAL ADEQUACY

The net worth increased from Rs.188 crores to Rs.211 crores, including Revaluation Reserve of Rs.34 crores. The capital adequacy ratio is 14.25% comprising Tier I Capital of 13% and Tier II Capital of 1.25%.

	1997-98	1998-99
Tier I	12.31%	13.00%
Tier II	1.41%	1.25%
Total	13.72%	14.25%

FOREIGN EXCHANGE OPERATIONS

The merchant turnover under international banking operations has shown an overall improvement in working. The turnover of foreign exchange business increased from Rs.1266 crores to Rs.1742 crores. The volume of export and import business handled during the year aggregated to Rs.1596 crores, thereby showing an increase of Rs.429 crores over the previous year.

During the year under review the Bank has entered into Rupee drawing arrangements with Dollarco Exchange Company, Kuwait and Mustafas Foreign Exchange, Singapore.

INFORMATION TECHNOLOGY

The Bank has so far computerised 127 branches covering approximately 90% of the total business. The Bank is planning to set up a Wide Area Network (WAN) connecting all computerised branches, Regional Offices, Service Centres and the Central Office. WAN will use VSATs and leased lines for physical connectivity. This will enable the Bank to introduce new products and services such as Any Branch Banking, Any Time Banking (ATMs), telebanking, debit cards, and the like.

YEAR 2000

The Bank has been working on its Year 2000 project since November 1997 and achieved Y2K compliance